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# Good Practices for Good Business

## ESF 7: Tourism and Support Services Training Programme



MINISTRY FOR TOURISM  
AND CULTURE



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## **Good Practices for Good Business**

### **Benchmarking of People Management Standards and Work Practices**

The Good Practices for Good Business study formed part of the ESF 7: Tourism and Support Services Training Programme, which was co-funded by the European Union from the Structural Funds Programme for Malta 2004-2006.

The Good Practices for Good Business study was carried out by MISCO on behalf of the Malta Tourism Authority (MTA), with the aim of uncovering best practice in Human Resources in tourism SMEs operating within the accommodation, travel and catering sectors in Malta. The findings of the study are presented and subsequently compared and contrasted with International Best Practices identified by Failte Ireland (<http://www.failteireland.ie/>), the development authority dedicated to Irish tourism. The objective is that of helping operators identify effective ways of managing people, hence increasing the competitive edge of their businesses.



## Selecting & Recruiting Staff

The accommodation, travel and catering sectors utilise various channels for recruitment, mainly internal communication channels, national media, word of mouth, as well as Malta's public employment service, known as the Employment and Training Corporation (ETC). Recruitment methods specific to a particular industry include application forms filled in by walk-in applicants in the case of catering establishments; advertising vacancies in local shops in the case of some accommodation establishments; and in the case of travel businesses, utilising private recruitment companies, as well as recruiting students from the Institute of Tourism Studies (ITS).

When recruiting new staff, importance is generally given both to candidates' experience in the sector concerned and their level of education. Whereas some perceive experience as being more easily gained than education, others feel that candidates with no previous experience working in a particular sector are more easily trained, as unlearning of previously learnt methods/practices is not necessary. In addition to skills, experience and education, ample importance is given to the attitude of potential staff, including ability to interact with others, level of enthusiasm and willingness to work in the tourism industry. It is generally believed that, irrelevant of age, individuals either have or lack the passion for working in this industry. Lack of passion for the job tends to negatively impact the quality of the service provided.

Information provided to interviewees during the recruitment process pertains mainly to job responsibilities, conditions of employment and salary. Provision of information related to the background of the establishment as well as other team members' roles is also common.

***International Best Practice operators in the hospitality sector attract candidates through a variety of communication channels. Local and national media are used extensively, as is word of mouth and introductions made by existing staff with a rewards scheme defined and deployed (Failte Ireland, 2007, Optimus: Best Practice Programme Handbook).***

***Case Study: The Walt Disney Company has been identified as a Best Practice Champion in the field of Selection & Recruitment (<http://corporate.disney.go.com/index.html>).***



## Retaining & Rewarding Staff

Across the accommodation, travel and catering sectors, various differences are noted between younger (up to mid-twenties) and older members of staff. Younger employees generally tend to be better groomed, more approachable, energetic, versatile, open-minded, innovative, and willing to learn; older employees generally demonstrate a tendency towards being more responsible and committed to their job and are willing to go the extra mile. Having a healthy mix of employees helps ensure that all business requirements are catered for.

The tourism industry appears to be less popular amongst youngsters due to the tough working conditions characteristic of this industry. Moreover, younger employees exhibit higher levels of turnover, mostly due to the part-time nature of employment opted for by youngsters who are still completing their studies.

The presence of a healthy relationship between management and staff is considered a primary factor influencing staff retention in the industry. Frequently organising staff activities, being available and receptive to staff and being understanding and caring are among the factors deemed to be crucial by operators in the industry.

Communication with staff is also perceived as critical. Within the accommodation and catering sectors, occurrence of meetings between management and staff depends on size of establishment - with larger establishments organising regular, formal meetings with staff; and micro- and small-sized establishments holding more informal, ad hoc meetings. Businesses operating in the travel sector, on the other hand, organise formal meetings with staff on a regular basis, irrelevant of size of establishment.

Systems conducive to the promotion of employee satisfaction include: monetary rewards such as bonuses and sharing of tips amongst staff members (in the case of catering and accommodation establishments); as well as social incentives such as recognising staff publicly. A performance-related pay (PRP) system is not a common occurrence within catering and accommodation businesses, as it is perceived to be too complex to manage. Many businesses in the travel sector, on the other hand, utilise a PRP system.

With reference to attracting and retaining staff, the accommodation, travel and catering businesses consider the following aspects as being responsible for providing their establishment with a competitive edge over competitors:

- ☐ Favourable working conditions and the appropriate remuneration ☐ package
- ☐ A good relationship present amongst staff and between ☐ management and staff, characterised by high levels of ☐ communication
- ☐ Management appreciating and valuing staff (praising and ☐ recognising staff)
- ☐ Management being considerate (allowing staff to take leave ☐ when needed, being understanding, flexible, etc)
- ☐ Management being available to staff (open-door policy)



***Champions of international Best Practice see communication, employee involvement and satisfaction as being the key drivers to staff retention. Best Practice initiatives include open communication, soliciting employee feedback and capturing employee suggestions and ideas. Employees have free access to senior management, and where appropriate, management shares meaningful information with staff through various channels - mainly verbal and written/electronic channels.***

***Best Practice companies use both financial and non-financial rewards and recognition schemes to motivate staff and reduce labour turnover. They see the link between pay, bonuses, benefits and recognition as an inclusive means to achieving these outcomes. Employees are rewarded both for loyalty and performance (Failte Ireland, 2007, Optimus: Best Practice Programme Handbook).***

## **Training of Staff**

Training provided in the initial stages of employment usually takes the form of on-the-job, technical training. A more experienced colleague is selected from the team, and the newly selected employee undergoes a process of job shadowing whereby new skills required for the job are learnt. An induction course is more common in the accommodation and travel sectors, and this is very often provided in-house.

In contrast with the catering sector, within travel and larger accommodation establishments, provision of formal training does not cease following the initial stages of employment. Such training focuses on the technical aspect of the job and to a lesser degree, on soft skills. Training resources are very carefully targeted, and efforts are made to ensure that training is provided to staff who is likely to remain in the business. The primary means of evaluating staff performance consists of obtaining client feedback. Conducting mystery guest exercises and benchmarking against market trends are also utilised for this purpose, albeit to a lesser extent.



***The function of training and development incorporates all elements of training activities, from induction and skills training to meet mandatory requirements, through to the ongoing development of employees, at all relevant levels. Best Practice companies assess the effectiveness of the training provision to ensure it delivers in relation to training objectives, budget parameters and business needs. Rewards and recognition play an important part in motivating staff to complete training courses (Failte Ireland, 2007, Optimus: Best Practice Programme Handbook).***

## **Good HR Practices in the Tourism Industry**

From the study carried out in Malta, it was evident that knowledge of international people management standards in the respective sub-sectors of the tourism industry (accommodation, catering and travel) are crucial for successful operation in the industry, as they enable businesses to benchmark their performance against tourism operators in other countries. This facilitates continuous improvement efforts and effective management of human resources.

The tourism industry contributes significantly to the Maltese economy. For this reason, businesses operating within the industry must ensure that they make the best use of their human resources. Good HR Practices translate directly into higher levels of employee satisfaction, decreased staff turnover and improvements in the service offered to clients. This combination of factors in turn leads to enhanced customer satisfaction, higher levels of customer loyalty and repeat business – factors which are critical for a player to survive and succeed in a dynamic environment.

